

FISCAL NOTE

SB 1540 - HB 1229

April 1, 2005

SUMMARY OF BILL: Authorizes a lender by contract to be responsible for paying the state recordation tax in counties having a population exceeding 100,000 according to the 2000 federal census.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – To the extent borrowers are able to negotiate mortgage terms with federal credit unions, state revenues would decrease by an unknown amount due to the tax exemption afforded federal credit unions. This amount is estimated to exceed \$25,000 per year.

Assumptions:

- Currently, this tax is levied against and paid by the borrower.
- This bill authorizes borrowers to negotiate with lenders on who pays the recordation tax in counties having populations that exceed 100,000 people.
- Federal credit unions are tax-exempt under federal law (U.S.C. 12, Chapter 1768) and state law (T.C.A. 45-4-803).
- To the extent, borrowers are able to negotiate mortgage terms with federal credit unions, state revenues would decrease by an unknown amount due to the tax exemption afforded federal credit unions. This amount is estimated to exceed \$25,000 per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director